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S. Utah steel mill proposed

Firm would join a nearby iron mine with the billion-dollar facility

By Steven Oberbeck
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Palladon Ventures Ltd. has never developed a major mining project, but that is not stopping the "junior mining" company from talking up its plans for southern Utah.

Having secured a contract giving it the right to buy an idle iron ore mine near Cedar City for \$10 million from the bankrupt Geneva Steel, the company whose shares trade for 32 cents on the Toronto Venture Exchange and its partner, Western Utah Copper Co., say they want to develop a steel mill that will cost as much as \$1 billion adjacent to the mine.

Plans for the steel mill are in addition to the huge Bingham Canyon-like copper project the joint-venture partnership envisions for property it holds near Milford.

"These two projects combined will be the biggest thing to ever hit southern Utah," said Mark Dotson of Western Utah Copper, a privately held company that in partnership with Vancouver, British Columbia-based Palladon holds approximately 100,000 acres of mineral claims and leases the companies believe contain large reserves of copper along with gold, silver and molybdenum.

Last week, Palladon executives met with Utah Gov. Jon Huntsman Jr. to describe their southern Utah development plans.

"It was a courtesy visit," Huntsman spokeswoman Tammy Kikuchi said. "From what I understand, the governor's response was thanks for coming in, thanks for giving us the heads-up and we certainly wish you all the best."

Before the two companies can move forward on their billion-dollar steel mill plan, though, they must raise approximately \$10 million by April 9 to complete the acquisition of the Cedar City area iron-ore property from Geneva subsidiary Iron Ore Mines LLC, which last operated the property in 1995.

"We have several options for raising the money," Palladon spokesman Hamish Greig said, adding that one possible option is for the company to borrow the money and sell additional shares of its stock.

Palladon, however, appears far from the strongest company financially.

While its unaudited financial statement for the nine-month period ended Nov. 30 indicates the company is holding \$2.1 million in cash, it also lost \$1.4 million during that same nine-month period. The company concedes there is no market for iron ore from the property it intends to buy.

"For this reason," the company said in a statement, "Palladon and [Western Utah Copper] believe that the best use for the iron ore . . . may be to process the ore on-site to produce direct-reduced iron nuggets or 'hot metal' as feed for an adjoining steel plant, with the steel products to be sold into the growing markets of the southwestern United States."

Palladon President George Young, whose resume lists a stint as general counsel and acting general manager of the Intermountain Power Agency, understands the company's plans will be viewed with skepticism.

"We've already met with a lot [of skepticism] but think we can do this," he said. "We've already got companies interested in joint venturing with us. Geneva was an old, antiquated mill with a lot of problems. We believe we can put a mill near the site and that with the close proximity of the iron ore deposits, operate a modern facility with significantly lower costs than the industry standard."

steve@sltrib.com

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